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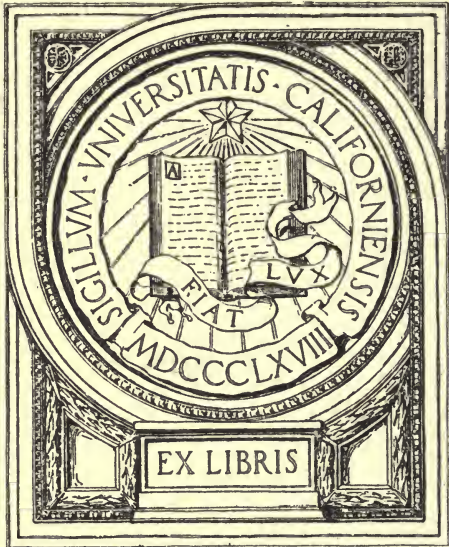


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Will the Prevailing Trend Toward Government Control of Industry Destroy Initiative in Our Young Men?

The present narrowed aspect of California and the Nation as a field for future business activities of the youth, as compared with the wider activities presented in the recent past. Influences which have produced this contraction and their rapid movement, through the medium of restriction, towards evolving the government from existing forms into centralized absolutism. State initiative necessary if the scope of personal initiative be circumscribed. Business prosperity, and averting of war otherwise inevitable, possible only through interrupting this tendency and restoring liberty to the citizen. Supreme test of the capacity of the people to rule, and incident success of the republican form of government, to be determined by their ability to change the trend towards privilege into a status of freedom and equal right.

Let the spirit of Society be free and strong, that is to say, let true principles inspire the members of Society, then neither can disorders accumulate in its Practice. Carlyle: Characteristics.

AN ADDRESS

Delivered before an assemblage of business men at the San Francisco Chamber of Commerce on the evening of April 14th, 1915.

By JOHN E. BENNETT
of the San Francisco Bar

Issued by
Business Men's Economic Association.

WRITINGS OF JOHN E. BENNETT
PAMPHLETS

OUR NATIONAL TENDENCY AND ITS GOAL

Being a discussion of the Political and Industrial direction of the United States under the influence of prevailing economic forces, and statement of the causes thereof, and the means to avert the conclusion to which those forces are proceeding.

Together with an Address before the Chinese Students' Association of America at its Convention held in San Francisco in January, 1914,

upon

THE STUDENT IN ORIENTAL IMMIGRATION

Considering the effect upon China and Japan of the Policy of the United States in shutting off migration of the Orient with the West, the real cause that moves industrial migration, and the condition that confronts Oriental Students seeking education in the United States, by reason of these influences.

32 pp.

"JAPAN'S MESSAGE TO AMERICA"

(A Reply)

Considering the impelling cause which moves the Japanese nation to desire the good will of the American people; the necessity to Japan of free intercourse with the civilization of the West, now shut off by immigration exclusion; the calamity which inevitably must befall that nation through a continuance of the isolation thrust upon her by this policy. The doctrine of exclusion shown to rest upon a mistaken belief regarding the effect of labor immigration upon wages of intro-country workmen; the popular opinion being that such immigration lowers wages, whereas, in truth, it raises wages and increases general prosperity.

33 pp.

THE INDUSTRIAL UNREST

Noting the rise and forms of human government. The movement for expunging the Constitution of the United States, with the cause and processes of that movement. The passing of the American Commonwealth and the evolution of the centralized State in its stead; with observation of the several forces responsible therefor. Remarking the various expedients for relief of the working classes, among which, the California eight-hour labor initiatives, and sundry others. The basic errors of such proposals, and the hopelessness of benefit to the working people through pursuit of their direction. Together with consideration of the true cause of prevailing wrong conditions within the nation, and the disaster in which these must culminate unless they be intelligently and courageously corrected.

70 pp.

THE CALIFORNIA MANUFACTURER AND EASTERN COMPETITION

The natural evolution of the State from an agricultural into a manufacturing community shown to be held in abeyance by artificial wage rates and conditions imposed upon employers by unions. Helplessness of the California manufacturer in the field of competition through these influences, and the inevitable passing of the important manufacturing industries of the State unless the employer shall assert control of his establishment and place his labor on a basis of free industry. Artificially high wages shown to be of no benefit to the laborer receiving them, while the consequent narrowing of the industrial field suppresses business and produces ever increasing numbers of idle workmen. The remedy and proper line of operation presented, and the vast opportunity at the hands of the manufacturer in supplying the local and over-sea trade, considered.

35 pp.

Copies of the within pamphlets or booklets may be had by addressing

BUSINESS MEN'S ECONOMIC ASSOCIATION

1310 Humboldt Bank Building

San Francisco, Cal.

Will the Prevailing Trend Toward Government Control of Industry Destroy Initiative in Our Young Men?

The present narrowed aspect of California and the Nation as a field for future business activities of the youth, as compared with the wider activities presented in the recent past. Influences which have produced this contraction and their rapid movement, through the medium of restriction, towards evolving the government from existing forms into centralized absolutism. State initiative necessary if the scope of personal initiative be circumscribed. Business prosperity, and averting of war otherwise inevitable, possible only through interrupting this tendency and restoring liberty to the citizen. Supreme test of the capacity of the people to rule, and incident success of the republican form of government, to be determined by their ability to change the trend towards privilege into a status of freedom and equal right.

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Will the Prevailing Trend toward Government Control of Industry, Destroy Initiative in Our Young Men?

BY JOHN E. BENNETT.

Being requested by a number of leading business men of San Francisco to address them upon the above subject, a meeting was held at the San Francisco Chamber of Commerce at which Mr. Bennett delivered the following:

Gentlemen:—I thank you for the honor you have conferred upon me in inviting me to meet with you, and for the opportunity you have given me to address you upon the most important subject which has been selected for this lecture.

The question is one of grave moment, of deep concern to the State and Nation. There may be those among us who, having acquired fortunes and entered upon that period of life when exertion is no longer the characteristic note of our daily habit, but relaxation attends us, and we are disposed to let things go much as they will without effort to stem or deflect the tide of public affairs, feeling that the great maelstrom of disturbance and interrogation that is swirling about us is least of all a matter for us, that we have no time to give it and are not disposed to look into it, that what strength we have left must be preserved for our own concerns and we will not bother with things which do not immediately touch us—this is the way that hundreds of thousands of business men are feeling and acting today: very well, let us strike ourselves out of the commonwealth, and let the old ball go spinning along as she will, and we stand by as mere observers with no active part in the movement at all. So much for you, my business friend, but what about your son? What kind of a State and Nation is this that you are leaving to him? You have nourished him and brought him forward; sustained him through the schools; he has completed his course at the university, and now he sits yonder at his desk in your office, and presently he will sit at your desk. He is a bright, alert, eager lad; teeming with energy, filled with enterprise; he is scheming methods of expanding the business, of increasing trade—what about the State and Country you are leaving to that boy? It is a different State and Country from what your father left you. In the sixties, the seventies, the eighties and even the early nineties, California was a land where opportunity abounded, where fields of business in all lines were open and inviting, where one might enter business with little capital and in a short while build himself into a competence if

not a fortune. There was development, there was transportation, ranching, mines, forests; there was trade, there was shipping, there was manufactures. Energetic men were threading the State with railroads; others were weaving networks of irrigation reservoirs and canals; the mountains were peopled with prospectors, while colonization enterprises were bringing thousands into the State. It is quite different now. Despite the earnest and efficient activities of this Chamber of Commerce and its kindred bodies, and notwithstanding the larger population of the State, and the coming forward of many new inventions with their increase and enlargement of facilities which ought to greatly enhance opportunity, we find a tendency to cession of initiative in many lines. The promoter has all but disappeared. Enterprises, such as the Ocean Shore and Western

**Failure of Enterprises
the Like of Which
Formerly Succeeded.**

Pacific Railroads, which thirty or even twenty years ago might have been started with confidence of success, as the Donohoe road was started, as the Narrow Gauge to San Jose and Alameda was started, now fail miserably for lack of confidence in new enterprise by the investing public, while railroads of long standing and of established position must find their money supplies, not through the erstwhile medium of long time bonds, but in short term notes. Projects of sound character, a score of which are known to you as having their origin here in San Francisco, moved by men of business who two decades ago would have had no difficulty in getting them successfully under way, now wither and perish, and the men in control of them look for avenues of escape from their predicaments. Concerns which have done business for years, of which any man before me could enumerate a list, close up and withdraw from affairs because conditions have made it impracticable to continue.

And yet if we consult the government statistics, the latest census, we shall find record of an increase both of capital invested and number of business establishments within the State, just as there is also increase in population. Bear in mind that progress will go on. When our annals reveal that in time of peace with increasing population, business no longer shows increase, then has civilization already relapsed and is far along on its retrograde course.

What is initiative in the sense in which it here concerns us? It is the disposition and ability to set on foot new enterprise. Here then, we have in our boy the power and the wish to start things; but in order for him to exercise this, there must be about him *opportunity*. To act he must first see a *chance to do business*. Now what is business? Business consists of service by men upon each other. That is all it is; it is simply *service*. However this is yielded, whether with bare hands and sinewy back, with skill and judgment, with goods, wares and merchandise, with steamships or railroads, it is rendition of service by one upon another. And Nature has so schemed it that for this service there is no end of man's desire.

No one has all he wants. Gratify the craving for necessities, and immediately taste arises to discriminate and select; and the mind erects ideals and states of feelings to be attained through the acquisition of material things. We wish more and finer clothes; a more imposing residence; a more luxurious table and elaborate service; and when these are furnished there is an unlimited field of desire for power over the wills of others and to stand in the esteem of others.

Moreover along with this desire for the service of others there goes an equally strong bent on the part of the person to furnish his services to others. He wishes to facilitate his fellows, no less than he wishes to appease his desires through what they may do for him. Indeed, the gratification of his wish for service has just that limit: it is circumscribed by the powers of the individual to render service. A man cannot get more than pay for what he puts forth.

Such then being the character of business, that it rests upon service and consists of service, and as all men constantly and endlessly desire service, and are at all times willing to contribute service to the end that they may receive service, it can be seen that in order that business should be normal there ought to be no clogs, no interference interposed to the free action of men, save only where such interference is placed against their doing injury to each other. So that the first requisite to initiative is freedom of action.

And in this behalf it may be said that history shows a continuous warfare between freedom and restriction, between liberty and privilege. It shows this also: that whereas from the beginning of man's career upon earth there has, from the ape to the modern human, been a continuous line of progress, an unceasing expansion of the spiritual nature of man as distinguished from his physical body, so also has there simultaneously developed an ever larger and larger measure of freedom of action to the individual. Human progress may therefore be said to consist of and to comprise the evolution of man toward individual freedom. This movement is irresistible. The very efforts made to stop it have but accelerated and secured its advance. King after king has tried to stay its course, and their heads have rolled into the basket while the tide has swept on.

In every age, however, this trend towards freedom has had to combat the contrary set towards subjection; and this latter influence is as strongly active at present as at any prior time in the career of the human. The field for the exercise of initiative which our young man will find before him today, whatever the prevailing influences may be tending to narrow it, is a vastly larger field than he would have found open to him in the time of Elizabeth. In that day and prior, reaching back into the period of the Roman Empire and beyond, the exercise of initiative was hedged by the existence of immense numbers of business monopolies,

being grants from the Crown, or royal rights to conduct businesses, entry into which was thereby denied to others. Almost every commodity, from salt to soap, from coal to leather was in the hands of persons holding government patents giving them exclusive privileges to produce and sell such articles. Grants were bestowed upon courtiers and favorites to do all the merchandising in given towns, and these royal purveyors would hark into a community and under the exercise of their concessions, put out of business every merchant in the place. Under the Roman system these monopolies were auctioned off, sold to the highest bidder, and those who bought them and farmed them out were known as *publicani*; the odium into which this profession fell is reflected by frequent association which we find in ancient writings of the publican with the harlot—literally, the outcasts of society.

As at present when a monopoly exists, there was invariably presented some specious reason for its creation, some public benefit which would be attained by establishing the monopoly. Thus a grant of monopoly of selling playing cards was made because “divers subjects of able bodies which might go to plough, did employ themselves in the art of making cards”; and a monopoly for the sale of starch was justified on the ground that it would prevent wheat being wasted for the purpose.

This proscription, this denial of liberty was, as I remark, opposed by the counter and ever expanding influence making toward freedom. The English parliament from 1565 to 1601 was a forum of angry discussion growing out of the existence of these special privileges. A list of them was read to the Commons: “Is not bread among the number?” cried out a member, and in the uproar which followed the voice went on: “Nay, if no remedy is found, bread will be there before the next parliament.” The Queen, however, resisted: she “hoped her dutiful and loving subjects would not take away her prerogative, which is the choicest flower in her garden, and the principle and head pearl in her crown and diadem.” Notwithstanding which protest, the forces of freedom prevailed, as they always prevail, when they are aroused. Monopolies in this and the succeeding reign were largely wiped out, being cut down to a few objects, limited privileges chiefly to inventors for the manufacture and sale of their inventions. From this we get our patent laws. The licenses now collected by our municipalities for conducting business are also survivals of these old monopolies, which carried with them a charge to be paid to the crown.

Not only was the zone of opportunity for the exercise of initiative circumscribed by these multitudinous monopolies, but it was further restricted, just as it is restricted today, by erroneous economic concepts carried into legislation. The business of jobbing, and to some extent, wholesaling, was prohibited. This was called *engrossing* or *regrating*. In 1552 a statute punished with fines, imprisonment and the pillory the “buying of growing corn, or corn of any kind, grain, hops,

butter, cheese, fish or other dead vital, with intent to sell the same again." The theory was that when cereals were plentiful in any district they should be consumed at what they would bring, without much thought as to whether the next harvest might be equally abundant, or to what immediate wants might be of an adjacent province of the same country. This law was continued in force until recent years. In 1800 one John Busby was convicted of having bought ninety quarters of oats at 41 shillings per quarter and selling thirty of them the same day at 43 shillings per quarter. The law was not repealed until 1848.

As at the present time popular prejudice looked only to effects and not to causes; and legislation tried to remedy evils by combatting effects without analysing the condition and reaching with its corrective laws the cause. The reason for the laws against engrossing was that a capitalist or a pool might buy up all the food in a district and without moving it hold the same against use for higher prices. Thus what we know in modern times as a "corner" would be created and many people, unable to pay the higher prices would, because of the pool, suffer for food. The remedy was not to tie the hands of business men in quest of profit, for warehousing, jobbing and wholesaling are necessary factors in the handling of produce; but to increase the facilities for transportation, whereby scarcity in one district, whether real or artificial, might be easily relieved by the abundance in another district; for in that day the highways were gullies of mud and the cars were wagons drawn by oxen. The modern corner in food supplies was made possible, not through lack of transportation, which is now no longer an obstacle, but through lack of information. High prices in wheat were created for a time by an operation on the Chicago grain exchange, because people did not know what the forthcoming supplies of wheat in the world, and hence in the market, would be. This evil was corrected by a Californian, Mr. David Lubin, who through the aid of the King of Italy, established the International Institution of Agriculture at Rome, through which data upon crops are gathered from all over the world, and being published, made it possible to rapidly draw supplies from places of plenty to places of dearth, and made the corner, which always operated within a limited area, impracticable.

So we observe, let me repeat, all through the history of business, which is really the history of human affairs, aside from the mere narratives of military campaigns, a constant pressure and progress of man toward an ever widening scope of individual action; in other words, toward more perfect and untrammelled freedom. We find this trend halted and thrown back from time to time by the contrary tendency towards special privilege; by the endowing of favored ones by political power, with permits to do things, to serve, which are denied to others. When this evil trend occurs we find it continues until it becomes intolerable, when it is overthrown, sometimes through the use of reason and enlightenment, and failing this, then by war, for there be but two ways, and the forces of freedom pushing on their course toward their ultimate goal of equal right.

And in this behalf let us consider this goal of equal right: Of what does equal right consist? Does it consist of every man doing absolutely as he pleases, with no check and no curb but his own notion of how far he should go and where he should stop? That is what the anarchists say, but they are very much mistaken. Human society could not exist, men could not dwell together where every man was a law unto himself. There would in such communities be safety for no one. There must be some common line which all men will recognize as the limits respectively of their conduct, beyond which they shall not go, and there must be some power to hold them to that line. What then is this? It is the line between right and wrong, and the power that has this in charge is the State.

It is the function and duty of the State therefore, to preserve and defend the citizen against injury; in other words, to maintain order, to secure the

**Limitations of the
Functions of the State.**

public safety; and when you look to it, this is its sole rightful office. For in so doing it discharges all the duties that the State ought to exercise. The public safety comprises the public health, the preservation of order, which is equally the preservation of property against fire or other destructive elements, the administration of justice and public education. You cannot conceive of anything which government ought properly to do that does not fall under one or more of these heads. Essentially an embodiment of force, comprising the collective force of the whole people, the State administers its functions by commands. It is the very antithesis to utilitarian business, which proceeds altogether, not upon coercion, but upon agreement. Understanding, therefore, the province of the State, we have no difficulty in recognizing the rights of the individual; for the individual has all rights which do not fall within the purview of the prerogatives of the State. When the first man came upon earth he had all rights of every character. He had dominion over the earth and over every living thing. When the next man came the rights of the first man were limited by the like rights of the second man; and as the number of men increased it soon became apparent that a power must be vested somewhere to secure each man in the exercise of his rights. Thus the State, or government, was established; so that when we come to define the rights of the individual, we say that he has all rights up to where their exercise trenches upon like rights of his neighbor, and that the State exists to hold a balance hand between them. The definition of human rights was long a subject of controversy. They were explicitly fixed, in so far as this nation is concerned, by the Declaration of Independence, one of the basic charters of our liberties. They are there declared to be the right of the man to life, no one can have a right to kill him or to impair his health; his right to liberty; no one can have a right to enslave him; his right to pursue the objects which contribute to his happiness, and this is the right we are dealing with tonight, for it is nothing other than the right to the free exercise of initiative.

Regarding the office of the State and the right of the citizen, we can see that the only circumstance that can call forth the powers of the State against a citizen is where a wrong has been perpetrated; that the only instance that can call forth the powers of the State in behalf of an individual is where a right has been violated. That the force or interference of the State can never justly or properly be brought to bear against anyone where that person is in position of right, is exercising a right. The test then, always, when the hand of the State is invoked against any person, is: has the person in whose behalf it is raised, been done any wrong, or has he been denied anything to which he is entitled?

Despite this truth we today find the State in situations where it is exercising powers against those who are in positions of right and in favor of those who have no rights in the premises. Take the United States Department of Labor, for instance; here is an arm of the government whose office it is to force the demands of laborers upon employers. It proceeds upon the assumption that a demand made by the laborer upon the employer is not to be met by a severance of the relation if insisted upon and refused, but that the employee is to remain in the service, and the employer is to be brought as far around to the terms of the demand as he can be made to come through the pressure of the Department and the threat of strike. That a man who has employed another has a right to discharge him whenever he wills to do so, can never be gainsaid. Instantly this is denied by law the laborer becomes saddled upon the employer against the latter's will, and the property of the employer is expropriated and set aside to the use of the laborer. It is only in the high handed operations of war, that men can lawfully be quartered upon other men against their wills. Yet so far have we drifted from our concepts of right and liberty with which we were imbued at the date of the installation of this same Federal government, that to the country generally the establishment of this anomalous institution, the Department of Labor, with its avowed principles of special privilege engrafted on the tree of liberty, causes but slight remark.

Take also the public utility commissions, now rapidly coming to compass all corporate effort. Here the State represents the customer against the seller, and steps forward to compel the seller to supply his service or his goods at prices which the customer may fix. The seller says: prices should be fixed by competition. The State replies: you are a natural monopoly and competition cannot enter. Yet we know this is not a fact. There is no railroad that ever existed which was a monopoly any longer than it built up business sufficiently extensive to justify a competitor entering the field. You have before your eyes daily an exhibition of this truth. A year ago it was thought that a street railway was in every sense a monopoly; yet we have seen the swarms of competition offered it by the jitneys. It is the principle of the State on which this commission legislation is based, that monopoly

should be maintained; that the field of monopoly should be kept clear of competitors; hence the Commission reserves the right to withhold the issuance of certificates of public convenience and necessity to persons proposing to enter and compete in given fields. Then, maintaining intact monopolies, the State will protect the customer against excessive prices, in other words, will do for the customer what competition would do for him, by determining the rates which the monopoly is to charge. The principle is injurious in three ways: by asserting control over the field and refusing to admit competitors it narrows the zone of initiative, tends to hold the concern occupying the field to out-of-date methods and appliances, thus deterring progress and depriving industry of opportunity in the bringing forward of new methods and mechanisms. It places an inordinate power in the hands of the ruling group or head in government, since this authority controlling the appointment of commissions may by perversion or corruption control the rates of the large concerns under its sway, thus moving them to do his bidding, which must necessarily be in direction of autocratic government. And as the demands of the customer are for service at the very lowest rates, we find in practice a tendency of these commissions to eliminate profits from the businesses they control, and to hold rates down to costs and interest upon capital actually invested. This has made the whole region of public utilities not only unattractive to capital investment from the standpoint of new enterprise, even in those localities where they are not forbidden to enter by reason of the presence of some concern in the field, thereby immensely narrowing the area of initiative, but it has made unattractive the security issues of these concerns, so that even those in the field often cannot find needed money for making the additions to their properties which increase of population and incident traffic, demands.

A seat in the New York Stock Exchange sold last week for \$48,500. In 1906, when I was in New York, the price of a seat had stood for two years at \$95,000. The clearances at the clearing house for that year amounted to 103 billions of dollars; they have, with fluctuations, been falling ever since; last year they were eighty-nine billions of dollars.

The policy of controlling by the State rates of utilities, prices of commodities, or rates of wages, as is now being done in some countries, and will

**Erroneous Policies
of Public**

Utility Commissions.

presently be done here if the tendency be not corrected, is erroneous. Men in business should be permitted to make all the money they lawfully can, and the test of lawfulness is, as I have said: is a right being violated? What right have I to say to the men who own the Pacific Gas and Electric Corporation that they shall construct a plant and furnish me current at a rate that I shall fix? and if I have no such right has my family such to say that thing? And if my family were large enough to comprise a tribe of 100,000 people, as some Chinese families are, would they thereby have such right? Do a larger number make right that which with a smaller number is wrong? If so, at what rate, and at what amount by the addition

of numbers, does wrong change into right? And if we would have no such right, would there be created such right by calling upon the State to put our demands upon the Company into effect? Would not that be merely adding an unlawful force to our demands, notwithstanding that force was the force of the State? What is the State under such circumstances but a tyrant, for a tyrant is simply a government that uses its force in behalf of wrong.

Equally wrong is the policy of the State through its commissions preventing competition. Competition should be favored, not suppressed. The prohibition of the State should be directed to opposing mergings, and consolidations of competitors; once occupying a field competitors should be kept apart in order that rivalry may be maintained, and with this provision they should be left to follow their affairs as the course of business determines; the state confining itself to the relation of the corporation and its obligees, not to the corporation and its customers, to whom there is owed nothing but *service*, the efficient rendition of which, as well as reasonable rates, competition will secure.

The policy of eliminating profit from those businesses which Commissions control has cut off a vast fund of money which previously went as dividends to stockholders, and comprised capital for new enterprise. Accordingly our young man, with his well worked out project for promotion, discerns that he cannot find the money ready to be risked on his venture; and while the stockholder is devoid of funds, and his stock depreciated or depleted in value, the customers to whom the State Commissions assume thus much money has been saved, seem none the richer for their lower rates. There is observed a prevailing tone of uncertainty, tight money and hard times; the money all drawn into the banks which they are afraid to lend and their depositors are afraid to invest. For as profit is taken out of utilities, and the control of the business is assumed by the State, which amounts to State ownership, without the cost incurred to the State of purchasing the properties, and as the State more and more enters upon the active operation of industries, such as railroads, expressage, telephones, telegraphs, electric current supply, banking and so on, the field of business opportunity and initiative is accordingly narrowed. This intensifies the competition for what business there is left to the individual. Practices previously discountenanced come into common vogue; jealousies arise, and there

Attempts to Suppress Inter-County Competition

is a disposition to mark out domains for doing business and to fight off competitors from the boundaries thereof. Recently one of the members of the Business Men's Economic Association, a manufacturer of electroliers, with an establishment in San Francisco, had been installing electroliers in Oakland; the operation required the subscriptions by property owners and the consent of the City Council. After he had pursued this business for a while certain Oakland competitors, finding they could not best him with the customer, appealed to the City Council to refuse him further permission to place electroliers in Oakland, on the ground that all such business in Oak-

land belonged to Oakland manufacturers, and competitors from across the bay should be kept out. This idea was regarded by the Council as having merit and they refused to grant the petitions of the San Francisco house, which was thereupon obliged to retire from that field. A while ago a leading San Jose newspaper refused to print an advertisement of a San Francisco merchant, upon the ground that all of that trade which San Jose contained belonged to the merchants of San Jose, and the paper would be acting a traitor's part toward them if it would facilitate the incoming of a competitor from San Francisco to take the bread out of their mouths. But for the existence of the Constitution of the United States it cannot be denied that both the municipalities of Oakland and San Jose would seek to separate themselves from San Francisco with a wall of protective tariffs, just as the Supervisors of San Francisco recently proposed to this city to separate itself from the rest of the State, through a charter amendment providing the payment of a bounty of ten per cent upon all goods purchased by the city produced within its limits.

Here then, we see return of the old principle which I remarked as employed in England: special privilege for a favored few. Pervading this tendency has been the view, the feeling or belief, that there is in the realm of affairs just so much business to be done, just so much work to do, and that if anyone else comes into the field to do any of it, there is thus much less left for us to do. Hence the other fellow must be kept out for our benefit. This is the principle upon which the whole structure of labor unionism is based; it is expressed in all union regulations, and in all labor legislation—the keeping of somebody else from doing something in order that we shall have something to do. Convicts and others confined by the State are prevented from employing their energies in producing goods to turn upon the market, for it is believed if they did so, the market would to such extent be supplied, and there would be just that much less work left to be done by “labor” in supplying the market. Immigrants are prohibited from entering the country, because it is assumed that if they came in they would do work, and that would mean so much less work left for the native laborer to do. You are

**The Apprentice
Measure Before the
State Legislature.**

now witnessing a battle going on in the State Legislature over the passage of a bill aimed at securing to the California boy his right to enter industry as an apprentice without being interfered with and prevented by labor unions. This is the first instance in the history of the nation, and indeed, so far as I know, of any nation, where in modern times the force of the State will, if the bill passes, be brought to bear against the union in extinction of one of its cardinal elements. The restriction of the number of journeymen through limiting the number of apprentices, is a principle which has come out of the old mediaeval trades guilds, which Lord Bacon very properly called, “fraternities of evil.” The doctrines of the unions of today are in all essential respects, the doctrines of those institutions of the dark ages. Let us hope that the bill shall pass and that with this wedge entered

in which the force of the State is brought to combat the force of the union in behalf of the liberty of the boy, that from now on the force of the State may be further brought to combat the union in behalf of the liberty of the man.

For the whole doctrine that underlies this conduct is wrong. Men do not prosper by restricting others, but through the co-operation of others. When the union restricts output in the belief that if a larger yield were produced the market would be over supplied and men laid off, it is mistaken. When it keeps out of industry apprentices, immigrants, and advertises throughout the nation that there is no work in California so don't come here, when as in Australia it advises women to reduce the birth rate because there are already more men than there are jobs within the country, and it is getting worse, not better, the conditions which they are fighting are the very conditions which their own conduct has brought about. The more goods you produce the more goods must be produced; the more men there are in industry the more jobs there will be calling for men; the greater the output, the greater the call for labor. A thing once produced requires other things to go with it to make it fit for consumption. Without sheep you cannot have wool; without wool you cannot make cloth; without cloth you cannot make clothes; without clothes the store on Market Street has no reason for existence; and so on throughout the entire realm of industry. Is there no need for sheep? Is there too much wool? Who can number the men in San Francisco who today would get another suit of clothes if they had the means to do so, if they could find a larger place, or any place, in industry for their services so they could get the wherewithal to buy the clothes! It is abundance, plenty, that makes business; that makes opportunity for labor, that makes the field for initiative, and abundance can only be attained where freedom exists for men to employ their efforts, where no one is kept out of industry by the interference of a union, by restrictive laws, or by laws which burden business with taxes and hamper it with obstructions, so that men find business difficult and often impossible to do; for as Mr. William Sproule well says: "the idle man is idle because the employer is first idle."

The encroachment of the State upon the domain of business through the processes we have noted, is incident to another great influence of restriction in the action of the labor union upon wages. It is the policy of the union to assert a steady pressure upon industry for increase of wages, in the belief that every extra dollar the workman receives is a dollar of additional wages. This is not a fact. The money the laborer receives is but nominal wages; his real wages is the things he buys with the money. His operation of exacting repeatedly higher wages has driven up the cost and prices of all articles, it has not given the workman higher wages; it has in truth, reduced his wages; for prices always rise ahead of the rise in wages. In the period from 1892 to 1912 there was a rise in average wages per hour in the United States of 40 per cent, and average weekly earnings per employee increased thirty per cent. But during the same time the average retail prices of food increased

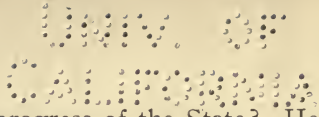
over fifty per cent. The way for the laborer to tell whether his wages have increased or not, is not to count out the coin he has received in his pay envelope on two different dates, but to ascertain on one date how many hours of work it would take to buy a pound of flour, a pound of beef, of pork, of lard, a dozen eggs, and so on through the list of common articles of food and clothing of equal grade, as compared with the number of hours it would take to buy such on another date. By this test he will find that the highest paid labor union workman in San Francisco today is receiving less wages than he got in the same trade in this city thirty years ago, and when his labor union, as we now know it, did not exist.

The real effect of his increase of wages is to restrict the market for his product through increasing prices, thereby contracting business and throwing men out of work. This makes times hard; it tightens the pressure of the union cordon around the shop to keep away all persons not members of the union, so many of whom are out of employ-

**Increased Wages
Which Increase Prices
Narrow the Market.**

ment. It closes the books of registration of the union against new men coming into the city to find work, so that increase of population of the city is held back. While prices of commodities are constantly rising, it forces a demand for cheaper service from public utilities, to procure which there arise movements to pass such industries over to the State, so they may be operated without profit, at cost, as the post office is operated. As this force continues to exist and increase its pressure, the State is moved to extend its dominion beyond the line of public utilities and into the domain of commodities. It becomes a producer, manufacturer, shipper. With every step it takes in this direction the field of private, of individual initiative is lessened, and the citizen, this youth of whom we speak, lapses from an independent character to a State dependent, seeking the favor of some politician to get or hold a job. Such has been the history of the movement which is now upon us in all countries where it has progressed further along the lines of its course than it has yet developed with us; in Australia, in Germany, in Russia, and to a lesser extent in France and England. Individual initiative failing through a constantly lessening field of possible action, initiative by the State becomes necessary; and we have the State built up into an ever stronger and stronger autocracy and despotism. To Europe the condition meant ascendant militarism; to the United States it means the passing of the republic and the supplanting of free institutions with a socialistic regime which is essentially a monarchical establishment. We shall soon have in the United States a ruling class, under whose sway free institutions vouchsafed us by our constitution, will disappear.

So then we have our boy in the midst of a vortex of influences which are moving swiftly to contract the field of his possible business endeavors; which by hampering him on every hand are suppressing his activities and emasculating him of his energies, eliminating his initiative because of the rapid closing of the avenues in which initiative may be exercised. What effect is this



having and will it have upon the progress of the State? Here we have in these 158,000 square miles of territory the grandest area of the earth's surface that exists under the sun. There is no tract of land anywhere in the world more favored by nature than is California. It would seem that every material thing that the human heart could wish has been stored by the Creator in the hills and valleys, the plains and on the shores of this State, under a climate the balmiest and most vitalizing anywhere to be found. Every man, woman and child in this State should live in plenty, should enjoy his full mete of luxuries which this civilization has so abundantly provided, and which should be fairly within the reach of all. And yet, with a comparative handfull of population to which the surface of the State could sustain, we have continuous hard times for the multitude, thousands of men out of work and other thousands half or less employed; industry flags, and in many features halts, our manufactures, our shipping, our trans-oceanic trade, move forward with trifling growth—what is the cause of this? The cause is a suppression of human liberty, of the freedom of the man. The pendulum of progress which has swung forward since the days of Elizabeth, which received its greatest impulse at the foundation of this nation upon this vast continent of new land, is now taking a backward swing, again in the direction of special privilege, of denial of right.

To remedy these conditions and bring about activity in business, abundance in wealth, equitableness in distribution of wealth, we must move in the

**The Remedy is Freedom, and
Opposition to Restriction.**

contrary direction to the course now being pursued. It is in the direction of freedom and liberty. We must hold government to

its function of governing, and keep it out of business, and away from interfering with the affairs of business men, prohibiting it from injecting itself into business save only where some right has been violated. We should set our faces against restrictive legislation, against laws that obstruct free action, that hamper trade, that increase taxation. We should firmly oppose any raise in wages where the price of the product or service must be raised to pay the increased wage. We should oppose so-called labor legislation almost in toto. Being predicated upon erroneous economic principles, there are scarcely any of the demands of the unions which are anything but a harm to the laborers themselves and are correspondingly hurtful to all business. The thought of the business world should be turned, not to how to get an advantage over some one else through legislation, but to enlarging the opportunities to labor through freeing industry, and increasing business through increasing product and adding to instead of lessening or holding back, the number of workers. By these means we can soon overcome the prevailing tendency to restricted industry and governmental centralization, and we can restore business to its normal status, which is a condition of unceasing activity, under which every one is employed and all have all the business they severally care to do; under which also goods are cheap, profits liberal and salaries and wages high, not artificially high, as is now the case, but

naturally high, as occurs in a condition of free industry where men must be induced, by satisfactory remuneration, to accept employment.

And in conclusion let me further observe: that in a republic all change, all correction of error in the social organization, must originate with and move from the body of the people, proceeding thence towards and investing the heads of government who are placed in office, not to install and operate plans of their own, but to do the will of the people. It is not so in a monarchy. There the ruling head and his group sway the nation, whether for the benefit of the people or not depends upon the temperament and intelligence of the potentate and the character of his advisers. With their decrees the citizen has very little to do, save to obey. As to what this method means to the people you need only to cast your eyes over the world today, beyond the borders of your own country, and remark. Centralized power and war have always been correlative institutions. Why they are necessarily such, I cannot pause tonight to explain. But of this fact you may be sure: that a republic can only remain such so long as its people manifest the intelligence to govern it in a way that order may be maintained, and all men within it may be nourished. When conditions within it arise that necessarily provoke repeated and widespread disorder, and forces appear that men by millions can no longer find sustenance at the door of industry, and when the people of that republic are impotent to move the remedy for this condition, when they do not possess the thought, or having the thought have not the courage to effect the changes needful to restore the normal, then be very certain that that republic is rapidly disintegrating and is evolving into some other form under which, in some manner, men in time of peace can dwell sustained and safe, however incident to such government may be periods of active war.

It is to the intelligence of the people therefore, that we must look to rescue the nation from its present plight and tendency; and where among the people in this day, in this period of our civilized development, is this intelligence to be found—for bear in mind, it must express itself not only with the thought, but with the material means to put the thought to practical application and effect? There is no doubt that it is through the men of affairs, the business world, that this change must be brought about, if it is to occur, and the test is upon them. Are they able to understand, to realize the condition which environs them, and to recognize the forces that are moving within it, to perceive the direction of those forces and to evolve and apply the methods to stay their harmful tendencies, to bring about safety to business, security to property, perpetuity to the republic? If the business world has in it the men able to be moved to this task, then all is well; if it has not, then in my humble judgment, there is before us a far different career from what we, in this country, have experienced in the past.

WRITINGS OF JOHN E. BENNETT BOOKLETS

The following are short articles published in a form to be easily carried in the ordinary business envelope, together with a letter, under a two-cent stamp.

WHAT WILL BECOME OF BUSINESS?

Being an abridgment of the pamphlet, *THE INDUSTRIAL UNREST*, and designed for use as either an introduction to the reading of that paper, or as a synopsis of it for the requirements of the busy man.

THE END OF BUSINESS

A short essay upon the passing of the employer's right to discharge an employee, hence to maintain control over his business; the incident vesting in the employee of a property right in the employer's establishment by virtue of the induction of the employee therein, and the attitude of the government of the United States through its Department of Labor in reference to this demand. The effect such principle must have upon business and statement of the needful changes in the industrial and political world to restore freedom and bring prosperity to industry.

AN ERRONEOUS VIEW-POINT

Showing the errors of the popular ideas for remedies of the industrial unrest, in which erroneous views many heads of large businesses are, through ignorance of the principles of correct solution, now concurring. A discussion of the relation of the idle armies of America to the active military armies of Europe, and of the prevailing indisposition to regard industrialism as a structure workable on lines of natural law.

AS SEEN IN AUSTRALASIA

A review of the recent report of the Commission of the National Association of Manufacturers upon "Industrial Conditions in Australasia," the same being a survey of the operations of trades unionism and its concomitant legislation in Australia and New Zealand, with information gathered upon the subject from other sources. In these Colonies the trade union principle is probably further developed than in any other region of the world. Having control of the respective governments, the unions have been able to apply their doctrines with the force of law. All the various legislative and other schemes and expedients just entering the domain of business here, have there been in existence sufficiently long to test out their value to society. The result has been a highly increased degree of industrial unrest, incessant strikes and disturbances, restricted development, slow growth and business stagnation; the artificial increasing of wages correspondingly raising the cost of living with incidental widespread impoverishment, the workers, as stated by a leading Australian economist, creating "a rod for their own backs." The inquiry throws much light upon the future of California under labor unionism, and emphasizes the necessary relief to the pressure of population under prevailing erroneous economic policies producing idle multitudes in a sparsely settled country, which relief the existing European war is affording to Australasia in the decimation of her expeditionary contingents.

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